

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-20 NSC-07

DRC-01 /079 W

----- 106840

R 130015Z JUL 74

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 3685

C O N F I D E N T I A L GUATEMALA 3786

E.O. 11652: GDS

TAGS: ETRN, GT

SUBJECT: PAN AM/AVIATECA PROBLEM

REF: STATE 132724, JUNE 21, 1974; GUATEMALA 3155, 'JUNE 11, 1974

1. WITH REAPPOINTMENT OF GUSTAVO ANZUETO AS MINISTER OF COMMUNICATIONS AND LIKELIHOOD JORGE SENN WILL STAY ON AS DIRECTOR AVIATECA, THE POSSIBILITY HAS FADED THAT "NEW FACES" MIGHT PERMIT A BREAKTHROUGH ON PAN AM/AVIATECA PROBLEM. RATHER, IT NOW SEEMS PROBABLE THAT GOG WILL SEEK FURTHER RESTRICT PAN AM IN ORDER PERMIT AVIATECA EXPANSION. WHILE TIMING NEXT GOG MOVE CANNOT BE PREDICATED (LOGICALLY IT SHOULD BE LINKED TO AVIATECA'S ACQUISITION OF ADDITIONAL EQUIPMENT), WE BELIEVE THE MOVE WILL COME. ANZUETO SPEAKING TO VARIOUS PARTIES, INCLUDING EMBOFFS, HAS OPENLY STATED HIS INTENTION OF FURTHER RESTRICTING PAN AM'S FIFTH FREEDOM RIGHTS. FURTHER, JORGE SENN HAS "INFORMALLY" SUGGESTED PAN AM DROP ITS SAN SALVADOR SERVICE.

2. FACED WITH THIS NEAR CERTAINTY THAT GOG WILL EXACERBATE PROBLEM, EMB RECOMMENDS THAT WE ACT TO BRING ISSUE TO HEAD NOW. WE SEE NO REASON TO LET ANZUETO CHOOSE HIS OWN TIMING. SPECIFICALLY, WE RECOMMEND THAT THE U.S. NOW PROPOSE THE OPENING OF NEGOTIATIONS TO REGULARIZE PAN AM'S STATUS. AS AN INITIAL APPROACH WE RE OMMEND THAT BEFORE
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AUGUST 30 THE CAB, AV, OR OTHER APPROPRIATE ENTITY SEND

A NEGOTIATOR TO SOUND OUT ANZUETO INFORMALLY. HE WOULD APPROACH ANZUETO BY DECLARING USG FOR SEVERAL YEARS HAS VIEWED WITH CONCERN FACT ITS FLAG CARRIER HAS BEEN DOING BUSINESS IN GUATEMALA ON BASIS TEMPORARY OPERATING PERMITS. IN NEGOTIATING AN EXTENDED PERMIT, WE BELIEVE CAB SHOULD STAND PAT ON PAN AM'S CURRENT NET POSITION. OVER THE COURSE OF PAST 2 YEARS PAN AM HAS DEMONSTRATED PATIENCE AND WILLINGNESS TO ACCOMMODATE. IT HAS NO REASON, ACCORDINGLY, TO OFFER TO SURRENDER ANY FURTHER PORTION OF ITS OPERATIONS. IN SUM, WE BELIEVE THE ISSUE SHOULD BE MET NOW AND MET FIRMLY. DELAY WILL ONLY PLAY INTO THE HANDS OF ANZUETO AND SENN, WHO OPENLY PROPOSE TO NIBBLE AWAY AT PAN AM.

3. IN MAKING THIS RECOMMENDATION, WE WISH TO POINT OUT THAT ANZUETO AND SENN ARE VERY LIKELY TO HAVE THE FULL SUPPORT OF PRESIDENT LAUGERUD IN MOVES THEY MAY MAKE TO EXPAND AVIATECA'S SERVICE AT THE EXPENSE OF PAN AM, JUST AS THEY HAD PRESIDENT ARANA'S FULL SUPPORT WHEN THEY IMPOSED FIFTH FREEDOM RESTRICTIONS LAST FALL AND GOG REPEATEDLY REJECTED BOTH PAN AM'S AND USG'S REQUESTS FOR RECONSIDERATION. STANDING PAT ON PAN AM'S CURRENT NET POSITION COULD THUS LEAD TO CONFRONTATION, ENDING UP WITH A TEMPORARY SHUTDOWN OF ALL PAN AM SERVICE TO GUATEMALA AND AVIATECA SERVICE TO THE U.S. AND A MARKED DETERIORATION IN US/GUATEMALA BILATERAL RELATIONS. WE SHOULD THEREFORE RECOGNIZE THAT IN THE COURSE OF NEGOTIATIONS, BOTH WE AND PAN AM MAY REACH A POINT WHERE WE ONCE AGAIN DECIDE TO MAKE MINOR CONCESSIONS THIS TIME TO GET A LONG-TERM AGREEMENT.

4. EMBOFF HAS ADVISED PAN AM MANAGER DAVISON OF EMBASSY'S INTENTION SUBMIT THIS RECOMMENDATION IN ORDER GIVE PAN AM TIME CONSIDER ITS POSITION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AIRLINES, AIR ROUTE APPLICATIONS, FOREIGN POLICY POSITION, AIR SCHEDULES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974GUATEM03786
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740187-0980
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740751/aaaabrni.tel
Line Count: 96
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 132724, JUNE 21, 1974; GUATEMA, LA 3155, 'JUNE 11, 1974
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2002 by rowelle0>; APPROVED <19 FEB 2003 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PAN AM/AVIATECA PROBLEM
TAGS: ETRN, GT, US, PANAM, AVIATECA, (ANUZETO, GUSTAVO), (SENN, JORGE)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005